

ORIGINAL



COMMISSIONERS

Gary Pierce, Chairman
Bob Stump
Sandra D. Kennedy
Paul Newman
Brenda Burns

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RECEIVED

ARIZONA CORPORATION COMMISSION

DOCKET NO.

2012 NOV 30 PM 2 28

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF ARIZONA WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE OF
ITS UTILITY PLANT AND PROPERTY, AND
FOR ADJUSTMENTS TO ITS RATES AND
CHARGES FOR UTILITY SERVICE
FURNISHED BY ITS NORTHERN GROUP
AND FOR CERTAIN RELATED
APPROVALS.

DOCKET NO. W-01445A-12-0348

CERTIFICATE OF NOTICE

A procedural order (the "Procedural Order") entered by presiding Administrative Law Judge Sarah N. Harpring on September 19, 2012 directed Arizona Water Company (the "Company") to give public notice of the hearing scheduled in this matter by mailing a copy to each of its customers (as a bill insert) of the public notice provided, in form and style, in the Procedural Order. The Company was also ordered to cause the notice to be published at least once in a newspaper of general circulation in its service territory.

IT IS HEREBY CERTIFIED THAT:

1. On the dates indicated in Exhibit A, attached to this Certificate of Notice, the Company caused a copy of the public notice set forth in the Procedural Order to be published in the service territory newspapers listed in Exhibit A. Affidavits of Publication for these notices are attached to this Certificate of Notice as Exhibits A through D, respectively.

2. The Company mailed a copy of the public notice referenced in 1, above, to each of its customers, via a bill insert (See Exhibit E), beginning with the October 12, 2012 billing cycle. The mailing was completed on November 13, 2012.

RESPECTFULLY SUBMITTED this 30th day of November, 2012.

ARIZONA WATER COMPANY

By: Robert W. Geake
Robert W. Geake
Vice President and General Counsel
ARIZONA WATER COMPANY
Post Office Box 29006
Phoenix, Arizona 85038-9006

Steven A. Hirsch
Stanley B. Lutz
BRYAN CAVE LLP
Two North Central Avenue, Suite 2200
Phoenix, AZ 85004
Attorneys for Applicant
Arizona Water Company

1 An original and thirteen (13) copies of the foregoing were
2 delivered this 30th day of November, 2012 to:

3 Docketing Supervisor
4 Docket Control Division
5 Arizona Corporation Commission
6 1200 West Washington Street
7 Phoenix, Arizona 85007

8 A copy of the foregoing was delivered this 30th day of
9 November, 2012 to:

10 Honorable Sarah N. Harpring
11 Administrative Law Judge
12 Hearing Division
13 Arizona Corporation Commission
14 1200 West Washington Street
15 Phoenix, Arizona 85007

16 Daniel W. Pozefsky, Chief Counsel
17 RESIDENTIAL UTILITY CONSUMER OFFICE
18 1110 West Washington Street, Suite 220
19 Phoenix, Arizona 85007

20 Ms. Janice Alward, Chief Counsel
21 Legal Division
22 Arizona Corporation Commission
23 1200 West Washington Street
24 Phoenix, Arizona 85007

25 Steven M. Olea, Director
26 Utilities Division
27 Arizona Corporation Commission
28 1200 West Washington Street
Phoenix, Arizona 85007

Steven A. Hirsch
Stanley B. Lutz
BRYAN CAVE, LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406
Attorneys for Arizona Water Company

By: R. W. Meoke

EXHIBIT A

ARIZONA WATER COMPANY

**RATE CASE PUBLICATION
NEWSPAPER INFORMATION**

Exhibit	System	Newspaper	Publication Date
B	Sedona (Verde Valley)	Sedona Red Rock News	October 17, 2012
C	Pinewood (Verde Valley)	Arizona Daily Sun	October 12, 2012
D	Rimrock (Verde Valley)	Verde Independent	October 14, 2012
E	Lakeside/Overgaard (Navajo County)	White Mountain Independent	October 16, 2012

**PUBLIC NOTICE OF HEARING ON THE
APPLICATION OF ARIZONA WATER COMPANY
FOR A PERMANENT RATE INCREASE
FOR ITS NORTHERN GROUP SYSTEMS
(DOCKET NO. W-01445A-12-0348)**

Summary

On August 1, 2012, Arizona Water Company ("AWC") filed with the Arizona Corporation Commission ("Commission") an application requesting adjustments to its rates and charges for utility service provided by its Northern Group water systems, including its Navajo (Lakeside and Overgaard) and Verde Valley (Sedona, Pinewood, and Rimrock) water systems. AWC's rate application uses a test year ending December 31, 2011, and requests an increase in revenues of \$2,829,974, or approximately 27.95 percent over test year total operating revenues.

In addition to requesting an overall increase in revenue, AWC's application proposes extension of its arsenic cost recovery mechanism ("ACRM") authorization, approved for the Sedona and Rimrock water systems in Decision No. 66400 (October 16, 2003), to the Navajo water systems; full rate consolidation of the Sedona system's rates with those of the other Verde Valley systems; authorization to implement a Distribution System Improvement Charge ("DSIC") for its Northern Group systems; and authorization to implement Off-Site Facilities Fees of \$1,100 and up for new service connections in the Sedona water system's service area. The application also mentions continued authorization of a MAP surcharge.

For a residential customer served by a 5/8" x 3/4" meter, approval of the rates proposed by AWC would have the following impacts on monthly bills with average and median usage:

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Average (3,000 gallons)	\$0.17	0.52%	\$33.59
Median (1,200 gallons)	\$1.21	4.45%	\$28.43

The Commission's Utilities Division ("Staff") is in the process of auditing and analyzing the application, and has not yet made any recommendations regarding AWC's proposed rate increase. The Commission will determine the appropriate relief to be granted based on the evidence presented by the parties. **THE COMMISSION IS NOT BOUND BY THE PROPOSALS MADE BY AWC, STAFF, OR ANY INTERVENORS; THEREFORE, THE FINAL RATES APPROVED BY THE COMMISSION MAY DIFFER FROM AND MAY BE HIGHER OR LOWER THAN THE RATES REQUESTED BY AWC OR RECOMMENDED BY OTHER PARTIES.**

How You Can View or Obtain a Copy of the Rate Proposal

Copies of the application and proposed rates are available from AWC at AWC's corporate office located at 3805 N. Black Canyon Highway, Phoenix, AZ 85015, and at the Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours, and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function, located at the bottom of the webpage.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning **May 13, 2013, at 10:00 a.m.**, in Hearing Room No. 1 at the Commission's offices at 1200 West Washington Street, Phoenix, Arizona 85007. Public comments will be taken on the first day of hearing. Written public comments may be submitted by mailing a letter, referencing **Docket No. W-01445A-12-0348**, to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007. If you require assistance, you may contact the Consumer Services Section at 1-800-222-7000.

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Publish: Oct. 17, 2012.

EXHIBIT C

PUBLIC NOTICES

PUBLIC NOTICES

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Publish: Oct. 17, 2012.

EXHIBIT D

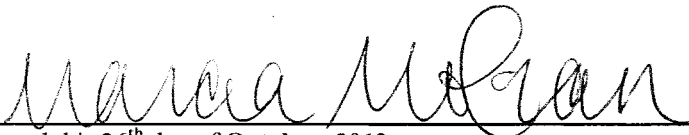
AFFIDAVIT OF PUBLICATION


STATE OF ARIZONA)
County of Yavapai) ss.

I, **Marcia Molzan**, being first duly sworn on her oath says:
That she is the **Legal Advertising Assistant** of VERDE VALLEY
NEWSPAPERS, INC., an Arizona corporation, which owns and
publishes the **Verde Independent/Bugle**, a three times a week newspaper
published in the City of Cottonwood, County of Yavapai that the notice
attached hereto, namely,

***PUBLIC NOTICE
HEARING ON THE APPLICATION OF ARIZONA WATER
COMPANY PERMANENT RATE INCREASE***

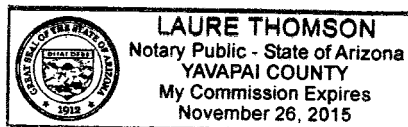
has, to the personal knowledge of affidavit, been published in the news
paper aforesaid, according to law, on 14 day of **October, 2012** to 14 day
of **October, 2012** both inclusive without change, interruption or
omission, amounting in all **1** insertions, made on the following dates:
October 14, 2012

By: 
Dated this 26th day of **October, 2012**

By: 
Notary Public

My commission expires:

Nov 26, 2015



**PUBLIC NOTICE OF HEARING ON THE
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FOR ITS NORTHERN GROUP SYSTEMS
(DOCKET NO. W-01445A-12-0348)**

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1T/Publish: October 14, 2012

EXHIBIT E

ccc

INVOICE

White Mountain Publishing Co.

White Mountain Independent • Wampum Saver • Mountain Skies • White Mountain Realty Guide
Offices in Show Low, Springerville and St. Johns

P.O. Box 1570 • Show Low, Arizona 85902 • (928) 537-5721
(Please Include Account Number on Payment)

Arizona Water Company
P.O. Box 246
Lakeside AZ 85292

ACCOUNT #50518C
LEGAL # 6982

DATE: October 17, 2012
Run date: October 16, 2012

Equipment to do Fine Printing – Craftsmen who do it

Serving Navajo and Apache Counties

QUANTITY	DESCRIPTION	PRICE
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RE: Public Notice Hearing...Permanent Rate Increase...Northern Group Systems

1 run @ 20"	Legal Publication @ \$8.02 per inch	\$ 160.40
	2% Tax	<u>3.21</u>
	Total	\$ 163.61

Thank you for ordering this legal advertising inserted in The White Mountain Independent.

Date Invoice Mailed 10/17

Date Affidavits Mailed _____

RECEIVED

OCT 18 2012

LAKE SIDE OFFICE
ARIZONA WATER COMPANY

OCT 17 2012

State of Arizona)
)ss.
County of Navajo)

Affidavit of Publication

**PUBLIC NOTICE OF HEARING ON THE
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Mountain Independent

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Arizona Corporation Commission Public Hearing Information

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Interested parties may participate in this matter by (1) filing for intervention and becoming a formal party to the proceeding; or (2) providing written or oral public comment. Any interested person may file written public comments regarding AWC's application in **Docket No. W-01445A-12-0348** at any time.

If you do not intervene, you will receive no further notice of the proceedings in this docket. **However, all documents filed in this docket are available online** (usually within 24 hours after docketing) at the Commission's website, www.azcc.gov using the e-Docket function, located at the bottom of the website homepage. RSS feeds are also available through e-Docket.

About Intervention

You do not need to intervene if you want to appear at the hearing and provide public comment on the application, or if you want to file written comments in the record of the case. Any interested person may file written public comments regarding AWC's application in **Docket No. W-01445A-12-0348** at any time.

Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. The granting of intervention entitles a person to participate as a party at hearing by presenting sworn evidence and cross-examining other party's witnesses. **If you wish to intervene, you must file an original and 13 copies of a written motion to intervene with the Commission's Docket Control Center no later than December 31, 2012, and send a copy of the motion to AWC or its counsel and to all parties of record. Contact information for AWC and parties of record may be obtained using the Commission's e-Docket function and Docket No. W-01445A-12-0348.**

Your motion to intervene must contain the following:

1. Your name, address, and telephone number, and the name, address, and telephone number of any person upon whom service documents is to be made, if not yourself;
2. A short statement of your interest in the proceeding (e.g., a customer of AWC, a shareholder of AWC, etc.); and
3. A statement certifying that you have mailed a copy of the motion to intervene to AWC or its counsel and to all parties of record in the case.

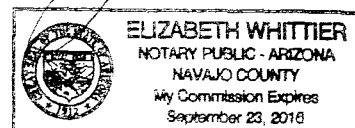
The granting of motions to intervene is governed by A.A.C. R14-3-105, except that **all motions to intervene must be filed on or before December 31, 2012**. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the interventionist's

White Mountain Independent

Sworn to me this day of

October 17, 2012, A.D

Elizabeth Whittier
Notary Public



PUBLIC NOTICE OF HEARING ON THE
APPLICATION OF ARIZONA WATER COMPANY
FOR A PERMANENT RATE INCREASE
FOR ITS NORTHERN GROUP SYSTEMS
(DOCKET NO. W-01445A-12-0348)

Summary

On August 1, 2012, Arizona Water Company ("AWC") filed with the Arizona Corporation Commission ("Commission") an application requesting adjustments to its rates and charges for utility service provided by its Northern Group water systems, including its Navajo (Lakeside and Overgaard) and Verde Valley (Sedona, Pinewood, and Rimrock) water systems. AWC's rate application uses a test year ending December 31, 2011, and requests an increase in revenues of \$2,829,974, or approximately 27.95 percent over test year total operating revenues.

In addition to requesting an overall increase in revenue, AWC's application proposes extension of its arsenic cost recovery mechanism ("ACRM") authorization, approved for the Sedona and Rimrock water systems in Decision No. 66400 (October 16, 2003), to the Navajo water systems; full rate consolidation of the Sedona system's rates with those of the other Verde Valley systems; authorization to implement a Distribution System Improvement Charge ("DSIC") for its Northern Group systems; and authorization to implement Off-Site Facilities Fees of \$1,100 and up for new service connections in the Sedona water system's service area. The application also mentions continued authorization of a MAP surcharge.

For a residential customer served by a 5/8" x 3/4" meter, approval of the rates proposed by AWC would have the following impacts on monthly bills with average and median usage:

	\$ Change	% Change	Proposed Bill
Navajo (Lakeside or Overgaard)			
Average (3,200 gallons)	\$5.33	20.31%	\$31.57
Median (1,200 gallons)	\$5.49	30.98%	\$23.22
Verde Valley (Sedona)			
Average (8,800 gallons)	\$14.28	36.19%	\$53.76
Median (5,200 gallons)	\$8.75	26.86%	\$41.33
Verde Valley (Pinewood or Rimrock)			
Average (3,000 gallons)	\$0.17	0.52%	\$33.59
Median (1,200 gallons)	\$1.21	4.45%	\$28.43

The Commission's Utilities Division ("Staff") is in the process of auditing and analyzing the application, and has not yet made any recommendations regarding AWC's proposed rate increase. The Commission will determine the appropriate relief to be granted based on the evidence presented by the parties. **THE COMMISSION IS NOT BOUND BY THE PROPOSALS MADE BY AWC, STAFF, OR ANY INTERVENORS; THEREFORE, THE FINAL RATES APPROVED BY THE COMMISSION MAY DIFFER FROM AND MAY BE HIGHER OR LOWER THAN THE RATES REQUESTED BY AWC OR RECOMMENDED BY OTHER PARTIES.**

How You Can View or Obtain a Copy of the Rate Proposal

Copies of the application and proposed rates are available from AWC at AWC's corporate office located at 3805 N. Black Canyon Highway, Phoenix, AZ 85015, and at the Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours, and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function, located at the bottom of the webpage.

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The granting of motions to intervene is governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before December 31, 2012. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For a sample intervention request form, go to <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>.

If you intervene, and wish to present testimony and associated exhibits at the hearing, you must, by each intervenor testimony deadline established in the Procedural Order setting the hearing for this matter: (1) reduce your testimony and associated exhibits to writing/letter-size documents, (2) file the original and 13 copies of your testimony and exhibits with the Commission's Docket Control Center, and (3) mail a complete copy to each party of record in this case.

ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Shaylin Bernal, E-mail SAbernal@azcc.gov, voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.